

Investor Comments On Financial Disclosure

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- Nuveen Investments
 - Founded in 1898
 - Diversified asset manager offering municipal, growth and value investment solutions
 - Manage \$115 billion in assets as of 12/31/04
- Nuveen Asset Management
 - Manage \$57 billion of municipal bonds as of 12/31/04

*This information represents that of Nuveen Investments and its affiliates.

Why Disclosure is Important to Investors

- Allows more effective risk management
- Facilitates more accurate valuation
- Secondary market liquidity
- Nuveen's investors expect timely credit surveillance
- Cost associated with searching for information

- Disclosure practices reflect strength of management
- Necessary in developing investor confidence
- A factor in determining level of credit risk
- Can impact issuer's cost of capital
- Facilitates future issuance

- Timely CAFR with MD&A section
- Regular updates to information provided at issuance
- Availability of offering statement and historical info
- Accessible contact person!
- Issuers who are proactive in providing relevant info

- Pension funding*
 - type of plan and method of valuing assets
 - assumptions (e.g. rate of return, inflation, discount rate, etc.)
 - level of pension funding
 - date of valuation should be near the date of the CAFR
 - OPEB liabilities
- Use of and exposure to interest rate swaps or derivatives*
 - purpose
 - terms and fair values of contracts
 - expected swap payments in future
 - counter-party credit risk
 - DWR power bond financials provide good example

* This is not an all-inclusive list

Lower Rated and Non-Rated Bonds

- Timely and relevant disclosure is critical
- Can significantly impact liquidity
- CAFR often does not provide sufficient information
- Example: tax-backed bonds (Mello Roos, 1915 Act and TABs)

Relevant Info for Land-Secured Bonds*

- Mello Roos and 1915 Act
 - homes sold and closed escrow
 - building permits
 - builders involved and construction progress
 - owner diversification
 - delinquency rates
- Tax Allocation Bonds
 - current and historical assessed value
 - base year AV and tax increment
 - debt service coverage
 - owner diversification
 - delinquency rates
 - construction progress and future plans

* This is not an all-inclusive list. Refer to www.NFMA.org for detailed guidance.

Improving Your Disclosure

- National Federation of Municipal Analysts website
 - <http://www.NFMA.org/disclosure.php> provides best practices disclosure for specific types of financings
- Consult with investors regarding their needs
- Utilize financials of frequent issuers in the market
- Be proactive in determining relevance of new information
- Timeliness is always important
- Consider leveraging your website as a channel for financial disclosure